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February 19, 2002

Ex Parte

William Caton
Acting Secretary
Federal Communications Commission
445 12th Street, S.W.
Washington, D.C. 20554

Re: *Application by Verizon New England for Authorization To Provide In-Region, InterLATA Services in Vermont*, CC Docket No. 02-7

Dear Mr. Caton:

The Commission has asked a number of questions about Verizon's "Average Offered Interval" (PR-1) and "Average Completed Interval" (PR-2) measurements.

The Average Offered Interval reports the number of business days between the date a valid order is received and the due date for the confirmed order. This measurement does not actually measure the interval "offered" by Verizon, because CLECs select the due date during the pre-ordering process. Intervals for services are determined either by Verizon's SMARTS Clock (also used by Verizon's retail representatives) or the standard interval, depending on the type of service; CLECs can also select a later appointment, depending on the needs of their customer and their business. The performance standard for this measurement is generally parity with the retail comparison group. However, xDSL loops and hot cuts do not have retail analogs and, therefore, are compared to the standard intervals for those products for diagnostic purposes.

The Average Completed Interval reports the number of business days between the date a valid order is received and the actual work completion date. As with the Average Offered Interval, the performance standard for this measurement is generally parity with the retail comparison group. Again, xDSL loops and hot cuts are compared to the standard intervals for those products for diagnostic purposes.

The average interval measurements (PR-1 and PR-2) have never been included in the Performance Assurance Plans in New York, Massachusetts, Connecticut, and Vermont. As Verizon has explained in previous applications, those plans focus on a subset of the performance measurements developed through the Carrier Working Group and include those the New York PSC deemed most important to competition. See Guerard/Canny/Abesamis Decl. ¶ 24.

In addition, as Verizon has demonstrated in previous applications, these average interval measurements are redundant and flawed. In particular, although Verizon representatives and CLECs use the same list of standard intervals, see New York Order ¶ 203 n.647, Verizon has no control over the mix of products that CLECs order. As the Commission has recognized, Verizon's reported average interval results can show a disparity simply because CLECs' orders "reflect[] a disproportionate share of order types with longer-than-average standard intervals (the 'order mix' problem)." Id. ¶ 205; see id. ¶ 203 n.647. For example, as part of its Connecticut application, Verizon demonstrated that the average standard interval for CLECs' residential resale POTS orders in New York were nearly twice as long as the average completed interval for the retail orders in the comparison group. See Gertner/Bamberger Decl. ¶ 22, CC Docket No. 01-100 (FCC filed Apr. 23, 2001). In that case, the "order mix" accounted for the entire difference in the reported results.

In fact, for the order mix to affect the reported results, CLECs need not order products with longer-than-average standard intervals, they need only order products with average standard intervals that are longer than the average standard intervals for the retail orders included in the comparison group. In other words, even if all of the CLEC orders for a given measurement have the same standard interval, the "order mix" can still result in an apparent disparity if the retail comparison group includes a mix of retail products and the average standard interval for that mix is shorter than the single standard interval for the CLEC product measured.

For these reasons, the Commission has found that the average interval measurements are "not an accurate indicator of Verizon's performance in provisioning . . . orders." Massachusetts Order ¶ 92; see Rhode Island Order ¶ 70. In addition, the New York Public Service Commission has recently approved the elimination of the average completed interval measurements from the Carrier-to-Carrier Guidelines, because other measurements — such as the "Missed Appointment" (PR-4) measurements — better capture Verizon's provisioning performance. See, e.g., Guerard/Canny/Abesamis Decl. ¶ 17. The PR-2 measurements have also been eliminated from the guidelines in Massachusetts, Connecticut, and Vermont beginning with the November 2001 data month.

Verizon also provides the following answers to the Commission's specific questions regarding average interval measurements:

1. The Commission asks questions about two average offered interval measurements and two average completed interval measurements in Massachusetts for 2-wire digital loops (PR-1-01-3341, PR-1-02-3341, PR-2-01-3341, and PR-2-02-3341). For PR-1-02-3341, over the past nine months, the average offered interval for CLECs has been only 0.85

days longer than the average offered interval for the retail comparison group (5.71 vs. 4.86), a difference that the Commission, in the past, has found not to be competitively significant. See New York Order ¶ 202 n.645. Similarly, for PR-2-02-3341, from April through October 2001 (when the New York PSC eliminated this measurement), the average completed interval for CLECs was only 0.52 days longer than the average completed interval for the retail comparison group (5.86 vs. 5.34). Again, this is a difference that the Commission has found is not competitively significant. See id.

For PR-1-01-3341, there were only 4 CLEC observations in October 2001 and no CLEC observations in November and December 2001. Indeed, in the past nine months, only once has there been more than 25 CLEC observations for this measurement. Similarly, for PR-2-01-3341, from April through October 2001 (when the New York PSC eliminated this measurement), only once were there more than 3 observations in a month for this measurement. As the Commission has recognized, "performance data based on low volumes of orders or other transactions is not as reliable an indicator of checklist compliance as performance based on larger numbers of observations." Kansas/Oklahoma Order ¶ 36. Finally, as Verizon has previously explained, the retail comparison group for UNE 2-wire digital loops that do not require a dispatch (PR-1-01-3341 and PR-2-01-3341) includes feature changes to the voice side of an ISDN service, which have shorter intervals than new installation orders, and can therefore cause the average interval for the retail comparison group to appear shorter.

2. From September through December 2001, the average offered interval in Massachusetts for PR-1-03-3112 (POTS – Dispatch (1-5 Lines) – Loop) was 4.73 days for CLECs and 2.87 days for the retail comparison group, a difference of only 1.85 days. Similarly, from September through October 2001, the average completed interval in Massachusetts for PR-2-03-3112 (POTS – Dispatch (1-5 Lines) – Loop) was 4.61 days for CLECs and 3.64 days for the retail comparison group, a difference of only 0.97 days. In addition, the interval on a dispatch order for a new loop or retail service is obtained from the SMARTS Clock, which establishes the next available due date on a garage-by-garage basis. Thus, while the next available appointment for the Lawrence garage might be 3 days later, the next available appointment for the Somerville garage might be 4 days later. Therefore, to the extent that the proportion of orders by garage location varies, the average interval results for this measurement are likely to differ. See New York Order ¶ 203 ("competitive LECs are ordering a relatively larger share of services in geographic areas that are served by busier garages and, as a result, reflect later available due dates (the 'geographic mix' problem)"); see also Rhode Island Order ¶ 86 ("this metric, because of the way it is designed, may not be an accurate indicator of Verizon's performance" and, "even setting aside the questions about the accuracy of this metric, we find that the performance differences reported under this metric are relatively slight and do not appear to be competitively significant to competing LECs").

3. The Commission asks questions about Verizon's performance in Massachusetts on two special services average interval measurements, PR-1-01-3200 and PR-1-02-3200, and

one average completed interval measurement, PR-2-02-3200. As Verizon has previously explained, the New York PSC has recently eliminated these measurements. The average completed interval measurement was eliminated along with all of the other PR-2 measurements. The New York PSC also found that the two average offered interval measurements were redundant of the more specific measurements of Verizon's performance for DS0, DS1, and DS3 specials (PR-1-06-3200, PR-1-07-3200, 1-08-3200). See New York PSC October 2001 Order Att. 1 at 22 (App. L, Tab 11). These latter measurements — like the comparable PR-2 measurements that existed prior to the November 2001 data month — also provide more appropriate retail comparisons than did the general specials category, which has been eliminated. PR-1-01-3200, PR-1-02-3200, and PR-2-02-3200 have also been eliminated in Massachusetts, Connecticut, and Vermont.

For DS0 specials (PR-1-06-3200 and PR-2-06-3200), there are too few observations for this measurement to provide meaningful information. However, Verizon met the parity standard for PR-1-06-3200 in Massachusetts in September, October, and November 2001; in December 2001, there were no CLEC observations for this measurement. Verizon also met the parity standard for PR-2-06-3200 in October 2001, the only month between April and October 2001 in which there were any CLEC observations. For DS1 specials (PR-1-07-3200 and PR-2-07-3200), Verizon met the parity standard for PR-1-07-3200 in two of the four months between September and December 2001. Verizon met the parity standard for PR-2-07-3200 in six of the seven months between April and October 2001 (when the New York PSC eliminated this measurement). For DS3 specials, there was only one CLEC observation between September and December 2001 for PR-1-08-3200 and no CLEC observations in either September or October 2001 for PR-2-08-3200.

Verizon's reported performance on all of these measurements is affected by the fact that these measurements do not reflect apples-to-apples comparisons because the retail and wholesale processes for ordering high capacity loops differ. When Verizon receives a valid order from a CLEC, it performs a facilities check before returning an order confirmation notice. If Verizon determines that existing facilities are available to fill the CLEC's order, it will offer the CLEC an appointment at the standard interval (unless the CLEC has requested a longer interval, in which case the order will not be included in this measurement). However, if Verizon determines that no existing facilities are available but that an existing construction project will provide the necessary facilities, then Verizon will not reject the order, but will provide an offered interval based on the estimated construction completion date ("ECCD") for the project plus the standard interval. Unlike the CLECs, Verizon's retail customers often need assistance in determining the type of service that will suit their needs, which can take several days or even weeks. Once a decision is made about the type of service to be ordered, the Verizon retail representative checks to ensure that facilities are available to provision the circuit. Only after determining that facilities are available and verifying the availability of a field technician to install the circuit on the date set by the standard interval (or the customers' preference,

if longer than the standard interval, in which case the order will not be included in this measurement), does the representative submit the order. Therefore, although the same ECCD for a given construction project applies to both retail and wholesale orders, the retail interval for such an order will normally be shorter because it will only be submitted once the necessary facilities are in place.

4. The Commission asks about Verizon's performance on PR-1-03-3140 (Average Interval Offered – Dispatch (1-5 Lines) – Platform), PR-2-01-3140 (Average Completed Interval – Total No Dispatch – Platform), and PR-2-03-3140 (Average Complete Interval – Dispatch (1-5 Lines) – Platform). For PR-1-03-3140, in Vermont, there were only 3 CLEC observations for this measurement over the past eight months. Verizon met the parity standard in each of those months. For that same measurement in Massachusetts, where order volumes are higher, from September 2001 through December 2001, the average offered interval was 3.62 days for CLECs and 2.87 days for the retail comparison group, a difference of only 0.75 days, which the Commission, in the past, has found not to be competitively significant. See New York Order ¶ 202 n.645. Moreover, Verizon's performance for CLECs has improved in recent months (4.36, 4.07, 3.05, 3.36) even as order volumes have generally increased (99, 111, 152, 132).

   For the average completed interval measurements, which the New York PSC eliminated in its October 2001 Order, the disparities in Massachusetts were also not competitively significant. For PR-2-03-3140, from April through October 2001, the average offered interval for CLECs has been only 0.37 days longer than the average offered interval for the retail comparison group (4.31 vs. 3.94). For PR-2-01-3140, from April through October 2001, the average offered interval for CLECs has been only 0.98 days longer than the average offered interval for the retail comparison group (1.63 vs. 0.65). Furthermore, the no dispatch measurement includes a number of products with different standard intervals, including feature changes, which have extremely short standard intervals. Therefore, if CLECs' orders have a disproportionate share of order types with longer-than-average standard intervals, this order mix would have a substantial effect on reported performance. Indeed, in Massachusetts, Verizon's missed appointment rate for no dispatch orders for CLECs' UNE Platform orders (PR-4-05-3140) has been 0.00 percent in each of the past nine months, indicating that Verizon has provided 100 percent on-time performance for these orders. See Rhode Island Order ¶ 70 ("the 'average completed interval' metric, because of the way it is designed, may not be an accurate indicator of Verizon's provisioning performance" and "Verizon's performance reflected by another metric measuring provisioning – the 'missed appointments' metric – reflects parity performance with respect to UNE-Platform orders for the relevant months").

5. The Commission asks about Verizon's performance in Massachusetts in September and October on PR-2-09-5020 (Average Completed Interval – Total (<= 192 Forecasted Trunks)). There were a total of five CLEC observations in these two months, which are too few observations for this measurement to provide meaningful information. Nonetheless, Verizon provided parity service on this measurement in September 2001.

Moreover, from May through October 2001, when the New York PSC eliminated this measurement, the average completed interval for CLECs is more than 18 days shorter than the average completed interval for the retail comparison group (33.35 vs. 51.68).

6. The Commission asks about Verizon's performance in Massachusetts on three average completed interval measurements for resale POTS: PR-2-01-2120 (Total No Dispatch), PR-2-03-2120 (Dispatch (1-5 Lines)), and PR-2-05-2100 (Dispatch (>= 10 lines)). All three of these measurements were eliminated in October 2001, as explained above. For PR-2-01-2120, from April through October 2001, the average completed interval for CLECs was only 0.67 days longer than for the retail comparison group (1.15 vs. 0.48). In addition, as explained above, the no dispatch measurement includes a number of products with different standard intervals, including some with extremely short standard intervals, and the CLECs' order mix could have a substantial effect on reported performance. For PR-2-03-2120, from April through October 2001, the average completed interval for CLECs was only 0.30 days longer than for the retail comparison group (4.16 vs. 3.86). For PR-2-05-2100, there were no more than 12 CLEC observations in September and October 2001, and no more than 21 from April through October 2001. Although there are too few observations for this measurement to provide meaningful information, from April through October 2001, the average completed interval for CLECs was only 0.26 days longer than for the retail comparison group (8.85 vs. 8.59).

7. The Commission asks about Verizon's performance in Massachusetts on two average completed interval measurements for resale special services: PR-2-02-2200 (Total Dispatch) and PR-2-07-2200 (DS1). As explained above, these measurements were eliminated by the New York PSC's October 2001 Order. In addition, the New York PSC also eliminated PR-1-02-2200 (Average Offered Interval – Special Services – Total Dispatch), because it is redundant of the more specific measurements of Verizon's performance for DS0, DS1, and DS3 specials (PR-1-06-2200, PR-1-07-2200, 1-08-2200). See New York PSC October 2001 Order Att. 1 at 22 (App. L, Tab 11).

   For both of these measurements, CLEC volumes were extremely low, and there are too few observations for these measurements to provide meaningful information. Nonetheless, for both measurements, Verizon met the parity standard in six of the seven months from April through October 2001.

Further, Verizon provides the following answers to the Commission's specific questions regarding other measurements:

8. The Vermont Guidelines, like the guidelines in New York, Massachusetts, and Connecticut, currently contain the following provisioning timeliness measurements for 2-wire digital loops:

   PR-4-04-3341: % Missed Appointment – Verizon – Dispatch
   PR-4-05-3341: % Missed Appointment – Verizon – No Dispatch

Prior to the November 2001 data month, Verizon also reported on its provisioning timeliness for 2-wire digital loops under PR-3-10-3341: % Completed in 6 Days (1-5 Lines - Total). Due to an ambiguity in the New York PSC's October 2001 Order, this measurement was inadvertently eliminated in New York, Massachusetts, Connecticut, and Vermont beginning with the November 2001 data month. See New York PSC October 2001 Order Att. 1 at 23 (App. L, Tab 11). Verizon is currently working with the New York PSC to reinstitute this measurement in the guidelines in New York (and the other states) beginning with the March 2002 data month. Verizon has calculated its performance under this measurements in Massachusetts and Vermont for November and December 2001. As shown below, there were no CLEC observations for PR-3-10-3341 in Vermont for November and December 2001, and performance in Massachusetts met the parity standard in both months:

Vermont – PR-3 - Completed within X Days – 2-Wire Digital Services

				Actual Performance		Number of Observations		
	Metric #		Standard	Vz	CLEC Agg.	Vz	All CLECs	Z Score
November	PR-3-10-3341	% Completed in 6 Days (1-5 Lines - Total)	Parity with Retail	100.00	NA	43		
December	PR-3-10-3341	% Completed in 6 Days (1-5 Lines - Total)	Parity with Retail	100.00	NA	71		

Massachusetts – PR-3 - Completed within X Days – 2-Wire Digital Services

				Actual Performance		Number of Observations		
	Metric #		Standard	Vz	CLEC Agg.	Vz	All CLECs	Z Score
November	PR-3-10-3341	% Completed in 6 Days (1-5 Lines - Total)	Parity with Retail	98.25	98.00	286	41	-0.11
December	PR-3-10-3341	% Completed in 6 Days (1-5 Lines - Total)	Parity with Retail	95.26	100.00	401	37	1.30

9. In its October 2001 Order, the New York PSC eliminated all of the "Average Completed Interval" (PR-2) measurements and certain, but not all, of the "Percent Completed within Interval" (PR-3) measurements for UNE voice-grade loops. As Verizon explained, "[i]n the guidelines that took effect in November 2001 in Vermont, the PR-3 POTS measurements now include only the 1-day no dispatch and the 3- and 5-day dispatch measurements. In addition, new UNE loops have been added to the 3- and 5-day dispatch measurements." Guerard/Canny/Abesamis Decl. ¶ 51; see January 11, 2002 Guidelines at 51-54 (App. I, Tab 4). As a result, Verizon currently reports the following measurements of provisioning timeliness for UNE voice-grade loops in New York, Massachusetts, Connecticut, and Vermont:

PR-3-01-3140 % Completed in 1 Day (1-5 Lines - No Dispatch) – Platform
PR-3-06-3113 % Completed in 3 Days (1-5 Lines - Dispatch) – Loop New
PR-3-06-3140 % Completed in 3 Days (1-5 Lines - Dispatch) – Platform

PR-3-08-3111	% Completed in 5 Days (1-5 Lines – No Dispatch) – Hot Cut Loop
PR-3-09-3113	% Completed in 5 Days (1-5 Lines – Dispatch) – Loop New
PR-3-09-3140	% Completed in 5 Days (1-5 Lines – Dispatch) – Platform
PR-4-04-3113	% Missed Appt. – Verizon – Dispatch – Loop New
PR-4-04-3140	% Missed Appt. – Verizon – Dispatch – Platform
PR-4-05-3140	% Missed Appt. – Verizon – No Dispatch – Platform
PR-9-01-3520	% On Time Performance – Hot Cut

10. In its October 2001 Order, the New York PSC eliminated all of the "Average Completed Interval" (PR-2) measurements for UNE high capacity loops. However, the New York Guidelines have never included "Percent Completed within Interval" (PR-3) measurements for UNE high capacity loops; therefore, the October 2001 order did not eliminate any PR-3 measurements for such loops. Verizon currently reports the following measurements of provisioning timeliness for UNE high capacity loops in New York, Massachusetts, Connecticut, and Vermont:

PR-4-01-3510	% Missed Appointment – Verizon – Total – EEL
PR-4-01-3530	% Missed Appointment – Verizon – Total – IOF
PR-4-01-3210	% Missed Appointment – Verizon – DS0
PR-4-01-3211	% Missed Appointment – Verizon – DS1
PR-4-01-3213	% Missed Appointment – Verizon – DS3
PR-4-01-3214	% Missed Appointment – Verizon – Special Other

11. The Commission asks about Verizon's performance in Massachusetts on PR-6-01-3343 (2-wire xDSL Line Sharing – Percent Installation Troubles Reported Within 30 Days). From April through December 2001, the average I-code rate was 1.01 for CLECs and 0.65 for the retail comparison group, a difference of only 0.36. Furthermore, Verizon met the parity standard in six of the nine months between April and December 2001. In particular, Verizon met the parity standard on this measurement in November and CLECs submitted only 3 line-sharing I-codes during December. Although those 3 I-codes resulted in Verizon missing the parity standard for that month, if the CLECs had submitted only one fewer I-code in December, Verizon would have met the parity standard in that month as well. See Rhode Island Order ¶ 89 n.264 ("Verizon's performance with regard to installation troubles reported within 30 days in Massachusetts is out of parity for September and October, but from July-October, the rate of such installation troubles was less than 2% for both competing LECs and Verizon's own affiliate"). Finally, Verizon's performance on this measurement in September and October was affected by the actions, in September, of a technician in the Back Bay central office in Boston, who did not understand the proper way to set the status of line sharing orders in the system. As a result of his actions, the service order processor recorded as complete a number of orders that had not yet been wired. CLECs then submitted I-codes on these orders in September and October — there were 19 line sharing I-codes submitted in these two months, as compared to an average of slightly more than 1 I-code per month during the other seven months from April through December. Verizon resolved these CLEC trouble tickets by completing the necessary wiring; indeed, Verizon resolved CLECs line sharing trouble tickets in September and

October an average of 5.5 hours faster than for the retail comparison group (MR-4-03-3343). Verizon also re-trained the technician and performance has since returned to normal, as evidenced by the November and December data for PR-6-01-3343.

12. The Commission asks about Verizon's performance in Massachusetts on PR-6-01-3341 (2-wire Digital Services – Percent Installation Troubles Reported Within 30 Days). Prior to November 2001, the retail comparison group for this measurement was retail 2-wire digital services. However, most of the CLEC 2-wire digital loops are provisioned using fiber, while most of the orders in the retail comparison group are provisioned using copper. In addition, the CLEC loops are predominantly used for data transmission (IDSL), while the orders in the retail comparison group are predominantly used for voice transmission (either POTS or ISDN). Cooperative testing of the 2-wire digital loops that CLECs purchase has proved more difficult than for DSL loops. Because the loop is provided over fiber, through a plug-in card in the central office and another card at the remote terminal, it is not possible for any of the test equipment used by the CLECs to test beyond the card in the central office. (Like all stand-alone, unbundled loops, Verizon has no access for test purposes.) Further, the normal tests that a technician would perform on a copper loop, including the cooperative test process employed for DSL loops, do not work on 2-wire digital loops provided over fiber. Nor can a technician's test equipment obtain readings on a 2-wire digital loop provided over fiber. See Rhode Island Order ¶ 81 ("we agree with Verizon that this metric may appear to suggest unequal treatment simply because of the comparison group used").

    In October 2001, the New York PSC approved a change to the retail comparison group for this measurement, and the retail comparison group is now Retail POTS – Dispatched. Although the provisioning process for the wholesale product and the retail comparison group are now more similar, this measurement still does not provide an apples-to-apples comparison. Verizon does have the ability to test the dispatched retail POTS loops that it provisions; however, the limitations on testing described above still apply to 2-wire digital loops provided over fiber.

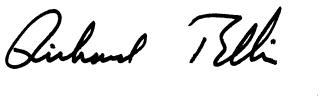
    Nonetheless, when CLECs do experience trouble on a 2-wire digital loop, their troubles are resolved, on average, more quickly than are the troubles in the retail comparison group. From April through December 2001, the mean time to repair 2-wire digital loops in Massachusetts (MR-4-01-3341) was 17.60 hours for CLECs, and Verizon met the parity standard in each of those months. From April through October 2001, when the retail comparison group was retail 2-wire digital services, the mean time to repair for the retail comparison group was 30.70 hours. From November through December 2001, when the retail comparison group is Retail POTS – Total, the mean time to repair for the retail comparison group was 17.78 hours.

Finally, Verizon provides the following answer to the Commission's question regarding interconnection:

13. The provisions reflecting Verizon's compliance with the Commission's Collocation Remand Order are divided between Verizon's federal tariff (FCC Tariff No. 1) and its Vermont SGAT. The bulk of the compliance provisions for the Collocation Remand Order are in the SGAT, which is contained in Appendix L, Tab. 9 to Verizon's Application. The federal tariff only covers a small portion of the required changes. The reason for this division is that changes to any collocation requirements that effect local competition are always made in the state tariffs or SGAT. Verizon made a change to the federal expanded interconnection tariff, however, in response to the Commission's requirement that Verizon provide cross connects for CLECs as a Section 201 service. See Verizon Transmittal No. 99 (FCC Tariffs No. 1 & 11) (FCC filed Sept. 28, 2001) (attached hereto).

The twenty-page limit does not apply as set forth in DA 02-111. Please let me know if you have any questions.

Sincerely,



cc: J. Veach
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